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LASERS

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

Component Unit Financial Report

For Fiscal Years Ended
June 30, 2014 and 2013

3590

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana
Slidell, Louisiana
Houma, Louisiana
Napoleonville, Louisiana

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DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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JAMES MAHER, JR, C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S REPORT

September 19, 2014

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Louisiana State Employees' Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LASERS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LASERS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Louisiana State Employees' Retirement System, at June 30, 2014 and 2013, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note D to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities, absolute returns, global tactical asset allocations, and investments in real assets. Such investments totaled $3.3 billion and $2.9 billion (25.5% of total assets) at June 30 2014 and 2013, respectively. Where a publicly listed price is not available, the management of LASERS uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

As disclosed in Note A to the financial statements, the total pension liability for LASERS was $17,844,744,945 and $17,612,223,257 at June 30, 2014 and 2013, respectively. The actuarial valuations were based on various assumptions made by LASERS' actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2014 and 2013 could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana State Employees' Retirement System's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014 on our consideration of the Louisiana State Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana State Employees' Retirement System's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 19, 2014

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana State Employees' Retirement System, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Employees' Retirement System's basic financial statements, and have issued our report thereon dated September 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Employees' Retirement System's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Employees' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Employees' Retirement System's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Employees' Retirement System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana State Employees' Retirement System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana State Employees' Retirement System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

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Management's Discussion and Analysis

The following is management's discussion and analysis of the financial performance of the Louisiana State Employees' Retirement System (LASERS or the System). This narrative overview and analysis helps to interpret the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year. Readers are encouraged to consider the information presented here in conjunction with additional information provided in the Transmittal Letter of LASERS Comprehensive Annual Financial Report (CAFR).

Financial Highlights

- Net position restricted for pensions increased by $1.3 billion, or 12.6%.
- The actuarial rate of return on the market value of the System's investments was 13.5% for 2014 compared to 14.1% for 2013.
- LASERS had a Net Pension Liability of $6.3 billion and the Net Pension Liability as a percentage of covered payroll was 344.7% as of June 30, 2014.
- Net investment income experienced a gain of $1.8 billion for 2014 compared to a gain $1.1 billion for 2013.
- Total contributions decreased by $54.2 million or 6.6% from 2013 to $768.2 million in 2014.
- Benefit payments increased by $97.1 million or 9.1% to $1.2 billion in 2014.
- Refund and transfer payments of member contributions increased by $15.6 million or 25.4% to $77.1 million in 2014.

Overview of the Financial Statements

The System's basic financial statements were prepared in conformity with GASB Statement No. 67, *Financial Reporting for Pension Plans* and include the following: (1) statements of fiduciary net position, (2) statements of changes in fiduciary net position, (3) notes to the financial statements, and (4) required supplementary information.

The Statements of Fiduciary Net Position report the System's assets, liabilities, and resultant net position restricted for pensions. They disclose the financial position of the System as of June 30, 2014, and 2013, respectively.

The Statements of Changes in Fiduciary Net Position report the results of the System's operations during years 2014 and 2013 disclosing the additions to and deductions from the fiduciary net position. They support the change that has occurred to the prior year's net position on the statement of fiduciary net position.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial statements.

- Note A provides a general description of LASERS organization, employer and membership participation, net pension liability of employers, actuarial methods and assumptions, information regarding legally required reserves, eligibility, and benefits.
- Note B provides a summary of significant accounting policies and plan position matters including the basis of accounting, securities lending, estimates, methods used to value investments, new accounting pronouncements, property and equipment, accumulated leave, and reclassifications.
- Note C provides information regarding member and employer contribution requirements.
- Note D describes LASERS deposits and investment risk disclosures which include custodial credit risk, concentration of credit risk, credit risk, interest rate risk, and foreign currency risk.
- Note E describes the System's cash and investments, and includes information regarding bank balances, investments including the investment policy and rate of return, domestic equity, international equity, domestic core fixed income, global fixed income, emerging market debt, derivatives, alternative investments, and global tactical asset allocation.
- Note F provides information regarding securities lending transactions.
- Note G provides information on other postemployment benefits.

Required Supplementary Information consists of four schedules and related notes concerning changes in net pension liability, employers' net pension liability, employer contributions, and the money-weighted rate of investment returns. It also includes the schedule of funding progress for the Other Post-Employment Benefits (OPEB) trust.

The ***Supporting Schedules*** section includes the schedules of administrative expenses, investment expenses, board compensation, and payments to consultants.

Financial Analysis

LASERS financial position is measured in several ways. One way is to determine the fiduciary net position (difference between total assets and total liabilities) available to pay benefits. Over time, increases and decreases in the LASERS fiduciary net position indicates whether its financial health is improving or deteriorating. Other factors, such as financial market conditions, should also be taken into consideration when measuring LASERS overall health.

The following table illustrates a condensed version of LASERS Statements of Fiduciary Net Position for fiscal years ending 2014, 2013, and 2012. LASERS fiduciary net position as of June 30, 2014, and 2013, totaled $11,624,853,426 and $10,327,598,351, respectively. All of the fiduciary net position is available to meet LASERS ongoing obligations to members, retirees, and beneficiaries.

Condensed Comparative Statements of Fiduciary Net Position

	2014	2013	2012
Cash and Cash Equivalents	$ 77,729,832	$ 62,005,498	$ 76,484,826
Receivables	111,571,052	106,101,183	202,859,767
Investments	11,506,396,982	10,228,944,629	9,299,615,012
Securities Lending Cash Collateral Held	1,107,047,506	963,415,924	921,932,039
Capital Assets	5,127,676	6,373,829	8,106,259
Total Assets	**$ 12,807,873,048**	**$ 11,366,841,063**	**$ 10,508,997,903**
Accounts Payable & Other Liabilities	73,245,876	67,756,826	61,782,973
Securities Lending Obligations	1,109,773,746	971,485,886	931,440,588
Total Liabilities	**$ 1,183,019,622**	**$ 1,039,242,712**	**$ 993,223,561**
Net Position Restricted for Pensions	**$ 11,624,853,426**	**$ 10,327,598,351**	**$ 9,515,774,342**

For the fiscal year ended June 30, 2014, fiduciary net position was approximately $11.6 billion. This reflected an increase of approximately 12.6% or $1,297,255,075 from the previous fiscal year-end. In the one-year period from June 30, 2012 to June 30, 2013, LASERS fiduciary net position increased approximately 8.5% or $811,824,009. These changes were a direct result of increases in the financial markets during those time periods.

LASERS maintains its commitment to a broadly diversified portfolio. Carefully underwritten and conservative assumptions for future expected returns have been adopted, and the investment portfolio is structured to optimize the risk-return trade-off. This is done in part by reviewing the Plan's asset allocation. LASERS continues to believe that it is well positioned to meet its long-term goals.

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2014	2013	2012
Additions			
Employer Contributions	$ 615,164,022	$ 649,029,708	$ 637,285,920
Employee Contributions	152,993,052	173,357,802	192,795,057
Net Investment Income (Loss)	1,770,521,381	1,104,747,865	(11,299,929)
Other Income	20,810,679	33,806,894	32,441,258
Total Additions	2,559,489,134	1,960,942,269	851,222,306
Deductions			
Retirement Benefits	1,167,477,166	1,070,410,859	978,971,262
Refunds and Transfers of Contributions	77,118,765	61,522,162	43,221,742
Administrative Expenses	14,810,539	14,258,832	13,810,702
Other Postemployment Benefits Expenses	1,103,488	982,754	999,650
Depreciation and Amortization Expenses	1,724,101	1,943,653	1,941,249
Total Deductions	1,262,234,059	1,149,118,260	1,038,944,605
Net Increase (Decrease) in Net Position	**1,297,255,075**	**811,824,009**	**(187,722,299)**
Net Position Restricted for Pensions			
Beginning of Year	**10,327,598,351**	**9,515,774,342**	**9,703,496,641**
End of Year	**$ 11,624,853,426**	**$ 10,327,598,351**	**$ 9,515,774,342**

Additions to Fiduciary Net Position

The revenues needed to finance retirement benefits are accumulated primarily through the collection of employer and employee contributions and earnings on investments. Revenue for the fiscal year ended June 30, 2014, totaled $2,559,489,134. The revenue consisted of employer and employee contributions totaling $768,157,074, a net investment gain of $1,770,521,381, and other income of $20,810,679. Improvements in the financial markets are the primary reason for the increase in Fiduciary Net Position for the fiscal years presented. Our investment portfolio in 2014 completed the current year with a positive market rate of return on investment assets of 18.8% which ranked in the top ten percent of all public pension plans with market values greater than $1 billion in the Wilshire Trust Universe Comparison Service (TUCS). The net result was an increase of 60.3% or $665,773,516 in investment earnings over 2013.

At June 30, 2013, total revenues increased by 130.4% or $1,109,719,963 over fiscal year 2012. The increased revenue was due primarily to net investment income increasing 9,876.6% from 2012. Combined contributions decreased 0.9% while other income increased 4.2%. Our investment portfolio completed the fiscal year with a positive market rate of return on investment assets of 12.6%, which ranked in the top 40 percent of all public pension plans with market values greater than $1 billion in the Wilshire Trust Universe Comparison Service (TUCS).

During 2014, combined employer and employee contribution income decreased from 2013 by $54,230,436. Employer contributions based on covered payroll decreased $33,865,686, or 5.2%, and member contributions decreased $20,364,750, or 11.7%. The decrease in employer and employee contributions is likely a result of fewer active members caused by the State's privatization of several agencies and the resulting reduction in workforce.

Deductions from Plan Assets

LASERS was created to provide lifetime retirement, survivor, and disability benefits to qualified LASERS members. The cost of such programs includes recurring benefit payments, refund of contributions to employees who left the System, and the cost of administering LASERS.

Deductions for the fiscal year ended June 30, 2014, totaled $1,262,234,059, an increase of approximately 9.8% over June 30, 2013. For the fiscal year ended June 30, 2013, deductions were $1,149,118,260, an increase of about 10.6% over June 30, 2012. The increase in deductions for fiscal years ended 2014 and 2013 was due primarily to increases in benefits, refunds and transfers of member contributions paid. Benefits paid in 2014, as in 2013, increased because of the increase in the number of retirees and the average benefit resulting from the higher average salary history of the newer retirees. Refunds and transfers out of member contributions increased primarily because of the State's privatization of several agencies and the effected employees requesting distributions.

Administrative expenses increased $551,707 or 3.9% for the fiscal year ended June 30, 2014. This is primarily attributable to increases in personnel costs and project consultant fees for financial accounting system upgrade. In 2013, administrative expenses increased $448,130 or 3.2% over fiscal year ended 2012. The increase was primarily attributable to the increases in personnel costs and computer acquisitions. Details of administrative expense activity can be found in the *Schedules of Administrative Expenses* located under Supporting Schedules.

Other Postemployment Benefit (OPEB) expenses increased $120,734 or 12.3% for the fiscal year ended June 30, 2014 compared to June 30, 2013. In 2013, OPEB expenses decreased $16,896 over fiscal year ended 2012. These amounts are based on adjusted calculations by the administrators of OPEB for the State.

Depreciation and amortization expense decreased 11.3% for the fiscal year ended June 30, 2014, compared to a 0.1% increase for 2013 over 2012. The decrease in 2014 compared to 2013 can be attributed to assets becoming fully depreciated during the year.

Total additions less total deductions resulted in a net increase in fiduciary net position of $1,297,255,075 in 2014, compared to an increase of $811,824,009 in 2013. The net result is a 12.6% increase in 2014 compared to an 8.5% increase in fiduciary net position restricted for pensions in 2013.

Requests for Information

This Financial Report is designed to provide a general overview of the System's finances. For questions concerning any information in this report, or for additional information contact the Louisiana State Employees' Retirement System, Attention: Fiscal Division, P. O. Box 44213, Baton Rouge, LA 70804-4213.

Louisiana State Employees' Retirement System

Statements of Fiduciary Net Position

June 30, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents	$ 77,729,832	$ 62,005,498
Receivables:		
Employer Contributions	46,859,467	42,151,780
Member Contributions	11,490,580	12,926,450
Interest and Dividends	27,161,959	25,925,453
Investment Proceeds	23,064,105	22,041,039
Other	2,994,941	3,056,461
Total Receivables	111,571,052	106,101,183
Investments:		
Investments at Fair Value		
Short-Term Investments - Domestic/International	335,913,441	310,972,110
Bonds/Fixed Income - Domestic	826,616,469	941,079,186
Bonds/Fixed Income - International	323,150,997	313,875,045
Equity Securities - Domestic	2,958,498,467	2,929,817,566
Equity Securities - International	3,361,787,006	2,430,091,727
Global Tactical Asset Allocation	744,136,796	649,609,869
Alternative Investments	2,527,662,420	2,254,398,254
Total Investments at Fair Value	11,077,765,596	9,829,843,757
Investments at Contract Value		
Synthetic Guaranteed Investment Contract	428,631,386	399,100,872
Total Investments at Contract Value	428,631,386	399,100,872
Total Investments	11,506,396,982	10,228,944,629
Securities Lending Cash Collateral Held	1,107,047,506	963,415,924
Capital Assets (at cost) - Net:		
Property and Equipment	4,307,615	3,998,553
Intangible Assets	820,061	2,375,276
Total Assets	**12,807,873,048**	**11,366,841,063**
Liabilities		
Payables:		
Investment Commitments	46,149,390	40,181,261
Trade Payables and Other Accrued Liabilities	27,096,486	27,575,565
Total Payables	73,245,876	67,756,826
Securities Lending Obligations	1,109,773,746	971,485,886
Total Liabilities	**1,183,019,622**	**1,039,242,712**
Net Position Restricted for Pensions	**$ 11,624,853,426**	**$ 10,327,598,351**

The accompanying notes are an integral part of these statements.

Louisiana State Employees' Retirement System

Statements of Changes in Fiduciary Net Position

For the Period Ended June 30, 2014 and 2013

	2014	2013
Additions		
Contributions:		
Employer Contributions	$ 612,698,414	$ 649,029,708
Employee Contributions	152,993,052	173,357,802
Legislative Appropriation	2,465,608	-
Total Contributions	768,157,074	822,387,510
Investment Income:		
From Investment Activities		
Net Appreciation in Fair Value of Investments	1,237,417,957	740,570,895
Interest & Dividends	220,772,401	198,688,033
Alternative Investment Income	370,966,085	216,648,178
Less Alternative Investment Expenses	(45,227,245)	(33,397,818)
Other Income	6,312,107	3,068,276
Less Investment Management Expenses	(28,801,658)	(26,634,914)
Net Income from Investing Activities	1,761,439,647	1,098,942,650
From Securities Lending Activities		
Securities Lending Income	7,321,148	3,926,502
Borrower Rebates	2,566,422	2,792,054
Total Securities Lending Activities Income	9,887,570	6,718,556
Securities Lending Expenses		
Management Fees	(805,836)	(913,341)
Total Securities Lending Activities Expenses	(805,836)	(913,341)
Net Income from Securities Lending Activities	9,081,734	5,805,215
Total Net Investment Income	1,770,521,381	1,104,747,865
Other Income	20,810,679	33,806,894
Total Additions	2,559,489,134	1,960,942,269
Deductions		
Retirement Benefits	1,167,477,166	1,070,410,859
Refunds and Transfers of Member Contributions	77,118,765	61,522,162
Administrative Expenses	14,810,539	14,258,832
Other Postemployment Benefits Expenses	1,103,488	982,754
Depreciation and Amortization Expenses	1,724,101	1,943,653
Total Deductions	1,262,234,059	1,149,118,260
Net Increase in Net Position	**1,297,255,075**	**811,824,009**
Net Position Restricted for Pensions		
Beginning of Period	**10,327,598,351**	**9,515,774,342**
End of Period	**$ 11,624,853,426**	**$ 10,327,598,351**

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

A. Plan Description

1. General Organization

The Louisiana State Employees' Retirement System (LASERS or the System) is the administrator of a cost-sharing multi-employer defined benefit pension plan[1], and is a component unit of the State of Louisiana included in the State's Comprehensive Annual Financial Report (CAFR) as a pension trust fund. The System was established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401).

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The House and Senate Committees on Retirement review administration, benefits, investments, and funding of the public retirement systems.
- The operating budget of the System is subject to budgetary review and approval by the Joint Legislative Committee on the Budget.
- The Legislative Auditor is responsible for the procurement of audits for the public retirement systems, and is authorized to contract with a licensed Certified Public Accountant (CPA) for each audit.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- A thirteen-member Board of Trustees, comprised of six active members, three retired members and four ex-officio members, governs the System. The Board administers the programs and appoints key management personnel including the Executive Director, Deputy Director, Assistant Director, and the Chief Investments Officer.

2. Plan Membership

The System is one of several public retirement systems in Louisiana. Each system has specific membership requirements established by legislation, with LASERS established for state officers, employees, and their beneficiaries. Other public employers report members who retained membership in LASERS upon transfer to other public systems or as provided by specific legislation. A summary of government employers and members participating in LASERS at June 30, 2014, and 2013, are as follows:

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[1] Due to a definitional change with the implementation of GASB 67, LASERS is now considered a cost-sharing multiple-employer plan for financial reporting purposes. Prior to the implementation of GASB 67, LASERS was considered a single-employer plan.

Type of Employer	2014 Active Employers	2014 Active Members	2013 Active Employers	2013 Active Members
State Agencies	216	40,039	209	43,842
Other Public Employers	152	282	146	269
Total	**368**	**40,321**	**355**	**44,111**

Type of Active Members	2014 Member Count	2013 Member Count
Active After DROP	1,750	1,825
Alcohol and Tobacco Control*	16	19
Appellate Law Clerks*	160	172
Bridge Police*	7	7
Corrections*	2,620	2,949
Hazardous Duty	1,969	1,596
Judges	303	320
Legislators*	12	12
Peace Officers*	67	79
Regular State Employees	33,237	36,942
Wildlife Agents*	180	190
Total Active Members	**40,321**	**44,111**

* Plans closed to new members effective January 1, 2011.

At June 30, 2014, and 2013, membership consisted of:

	2014	2013
Active Members	40,321	44,111
Regular Retirees*	38,675	37,145
Disability Retirees*	2,506	2,554
Survivors	5,759	5,726
Vested & Reciprocals	4,558	4,162
Inactive Members Due Refunds	52,042	52,385
DROP Participants	1,838	2,092
Total Membership	**145,699**	**148,175**

*For actuarial purposes "Disability Retirees" includes members who have reached normal retirement eligibility requirements and converted to Regular Retirement and are therefore counted by LASERS as "Regular Retirees".

3. **Net Pension Liability of Employers**

The components of the net pension liability of the System's employers determined in accordance with GASB No. 67 as of June 30, 2014 and 2013 were as follows:

	2014	2013
Total Pension Liability	$ 17,877,744,945	$ 17,612,223,257
Plan Fiduciary Net Position	11,624,853,426	10,327,598,351
Employers' Net Pension Liability	$ 6,252,891,519	$ 7,284,624,906
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.0%	58.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The last experience study was performed in 2013 and was based on the experience of the System for the period of July 1, 2008 through June 30, 2013. The required Schedules of Employers' Net Pension Liability located in Required Supplementary Information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2014 and 2013 is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures.

4. **Actuarial Methods and Assumptions**

A summary of the actuarial methods and assumptions used as of the June 30, 2014 and 2013, actuarial valuations are as follows:

Valuation Date	June 30, 2014 and 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.75% per annum.
Inflation Rate	3.0% per annum.
Mortality	**Non-disabled members** - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.
	Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

Salary Increases

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return are 8.78% for 2014 and 8.67% for 2013. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 and 2013 are summarized in the following table:

Expected Long Term Real Rates of Return

Asset Class	2014	2013
Cash	0.50%	-0.25%
Domestic Equity	4.69%	4.95%
International Equity	5.83%	5.86%
Domestic Fixed Income	2.34%	1.65%
International Fixed Income	4.00%	3.00%
Alternative Investments	8.09%	7.98%
Global Tactical Asset Allocation	3.42%	2.31%
Total Fund	5.78%	5.67%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Changes in Discount Rate

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
2013 Employer Net Pension Liability	$ 9,060,540,966	$ 7,284,624,906	$ 5,779,347,023
2014 Employer Net Pension Liability	$ 8,019,840,047	$ 6,252,891,519	$ 4,755,150,938

5. **Legally Required Reserves**

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established in La. R.S. 11:531, et. seq. Use of the term "reserve" by the System indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Expense Account Reserve:

The Expense Account Reserve provides for general and administrative expenses of the System and those expenses not funded through other specific legislative appropriations. Funding consists of transfers from the retirement funds and is made as needed. Any excess funds at year-end are closed out to the Employers' Accumulation Account.

B) Employees' Savings Reserve:

The Employees' Savings Reserve is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Employees' Savings Account Reserve to the Retiree's Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to the Retiree's Annuity Reserve to provide part of the benefits.

C) Employers' Accumulation Account:

The Employers' Accumulation Account consists of contributions paid by employers, interest paid by the agency on purchases of state service, military service, and educational leave and training; interest, dividends, profits and other income earned on investments, and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Retiree's Annuity Reserve to fund retirement benefits and cost of living increases for existing retirees.

D) Retiree's Annuity Reserve:

The Retiree's Annuity Reserve is credited with the employees' accumulated contributions upon retirement or payment of survivor's benefits, amount determined by actuary from the Employers' Accumulated Account for payment of pensions, and cost of living increases for retirees. The Retiree's Annuity Reserve shall be charged with retirements paid to retirees and beneficiaries, survivor's benefits paid to eligible survivors, cost of living adjustments for retirees, beneficiaries, and survivor's benefits recipients in addition to refunds paid to survivors or the estates of members whereby monthly benefits do not equal total accumulated contributions.

E) Deferred Retirement Option and Initial Benefit Option (DROP/IBO) Reserve:

The Deferred Retirement Option and Initial Benefit Option Reserve consist of the reserves for all members who select the Deferred Retirement Option or Initial Benefit Option upon retirement. For DROP, upon eligibility for retirement a member may elect to deposit in this reserve an amount equal to the member's monthly benefit if he had retired. A member can only participate in DROP for three years and upon termination may receive his benefits in a lump sum payment or in a manner approved by the Board. For IBO, upon retirement a member elects to take a lump sum benefit payment of up to 36 months times the maximum benefit up front and subsequently receive a reduced monthly benefit.

F) Optional Retirement Plan (ORP) Reserve:

The ORP Reserve consists of reserves for certain active unclassified members who otherwise would be eligible to become members in the Defined Benefit Plan who chose to participate in the defined contribution Optional Retirement Plan. The member is credited with contributions made by the employee and the normal employer matching contributions for services rendered. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. Also, when a member retires, his benefits are paid from this reserve.

G) Experience Account Reserve:

The Experience Account Reserve is used to fund permanent benefit increases for retirees. The benefit increase granted must be funded at 100% of the actuarial cost. At June 30, 2013, the account accumulated 50% of the excess investment gain relative to the actuarial valuation rate of 8.0% after such excess return exceeded $100,000,000, and the account balance was restricted to the reserve for two permanent benefit increases.

Effective June 30, 2014, if the System is at least 80% funded, the balance of the Experience Account maintains a reserve for two permanent benefit increases. However, if the System is less than 80% funded, the reserve is restricted to one permanent benefit increase, based on the current allowable percentage granted for the permanent benefit increase. Excess investment gains that would have otherwise gone to the Experience Account, if not for the restrictions, will be applied to the System's net pension liability. Beginning June 30, 2019, allocations to the Experience Account will be amortized over ten years.

Reserves	2014 Balance	2013 Balance
Expense Account Reserve	$ -	$ -
Employees' Savings Reserve	1,516,295,183	1,577,976,578
Employer's Accumulation Reserve	3,794,002,074	3,026,411,880
Retirees' Annuity Reserve	11,579,249,002	10,633,738,577
DROP/IBO Reserve	981,748,480	938,035,164
ORP Reserve	6,450,206	6,032,442
Experience Account Reserve	117,093,356	195,623,963
Total Reserves	$ 17,994,838,301	$ 16,377,818,604

6. **Eligibility Requirements**

All state employees, except those specifically excluded by statute, become members of the System's Defined Benefit Plan (DBP) as a condition of employment, unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the Governor may, at their option, become members of LASERS. Also, qualifying unclassified state employees may have made an irrevocable election to participate in the Optional Retirement Plan (ORP) between July 12, 1999 and December 7, 2007, when the plan closed. All plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any plan members or beneficiaries.

7. **Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate; hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

8. Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

9. **Disability Benefits**

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

10. **Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

11. **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

12. **Optional Retirement Plan**

In 1999, an Optional Retirement Plan (ORP) was established as a defined contribution component of LASERS for certain unclassified employees who otherwise would have been eligible to become members of the defined benefit plan. The ORP provides portability of assets and full and immediate vesting of all contributions submitted on behalf of members. The ORP is administered by a third-party provider with oversight from LASERS Board of Trustees. Monthly employer and employee contributions are invested as directed by the member to provide the member with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the member's working lifetime. ORP balances are held by the provider in each participant's name. These balances are included in LASERS total investments on the Statements of Fiduciary Net Position. The ORP was closed to new members on December 7, 2007. However, members in the ORP as of December 31, 2007 were granted the option by Act 718 of the 2012 Louisiana Regular Legislative Session to regain membership in the defined benefit plan. At June 30, 2014, and 2013, membership consisted of:

	2014	2013
Number of Members	73	83
Fair Value of Assets	$ 6,450,206	$ 6,032,442

B. Summary of Significant Accounting Policies

1. **Basis of Accounting**

   LASERS financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of their trade date. State General Fund appropriations are recognized in the period when they are appropriated. Employer and member contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Administrative expenses are funded through contributions to the plan from members, the State of Louisiana, and cumulative investment earnings, and are subject to budgetary control of the Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

2. **Securities Lending**

   The System records collateral received under its securities lending agreement where the System has the ability to spend, pledge, or sell the collateral without borrower default. Liabilities resulting from these transactions are also reported. The security lending cash collateral pools are reported at the market value of the underlying securities. Security lending income and expenses are reported as investment income and expenses in the accompanying financial statements. The Statements of Fiduciary Net Position do not include detailed holdings of securities lending collateral by investment classification.

3. **Estimates**

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from fiduciary net position during the reporting period. Actual results could differ from those estimates. The retirement system utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

4. **Method Used to Value Investments**

   As required by GASB 67, investments are reported at fair value. Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position with valuation changes recognized in income. Gains and losses are reported in the Statements of Changes in Fiduciary Net

Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held, and when the instruments are sold or expire. The nature and use of derivative instruments is discussed in *Note E. Cash and Investments (9).* The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, adjusted for subsequent contributions, distributions, and management fees. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position. Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB 53.

5. New Accounting Pronouncements

GASB Statement No. 67 which was adopted during the year ended June 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB No. 67 required changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures.

6. Property and Equipment

Property and equipment and computer software are reported at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 40 years for building, 3 to 15 years for equipment and furniture, and 7 years for computer software. The capitalization thresholds of property and equipment were:

- Computer Software Developed or Modified Internally (reported as Intangible Assets): $1,000,000
- Movable Property and Equipment: $5,000

LASERS is a 50% co-owner of the Louisiana Retirement Systems Building and related land with Teachers' Retirement System of Louisiana. LASERS interest in the building and land is reflected in the following schedules.

Changes in Property and Equipment

For Period Ending June 30, 2014

	June 30, 2013	Additions	Deletions/ Transfers	June 30, 2014
Asset Class (at Cost)				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	5,945,285	225,325	-	6,170,610
Furniture, Equipment, and Vehicles	2,768,732	247,169	(354,242)	2,661,659
Intangibles	10,886,502	-	-	10,886,502
Total Property and Equipment	**20,458,909**	**472,494**	**(354,242)**	**20,577,161**
Accumulated Depreciation				
Building	(3,363,885)	(231,054)	-	(3,594,939)
Furniture, Equipment, and Vehicles	(2,209,969)	67,622	354,242	(1,788,105)
Intangibles	(8,511,226)	(1,555,215)	-	(10,066,441)
Total Accumulated Depreciation	**(14,085,080)**	**(1,718,647)**	**354,242**	**(15,449,485)**
Total Property and Equipment - Net	**$ 6,373,829**	**$ (1,246,153)**	**$ -**	**$ 5,127,676**

Changes in Property and Equipment

For Period Ending June 30, 2013

	June 30, 2012	Additions	Deletions/ Transfers	June 30, 2013
Asset Class (at Cost)				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	5,936,927	8,358	-	5,945,285
Furniture, Equipment, and Vehicles	3,147,077	301,106	(679,451)	2,768,732
Intangibles	10,886,502	-	-	10,886,502
Total Property and Equipment	**20,828,896**	**309,464**	**(679,451)**	**20,458,909**
Accumulated Depreciation				
Building	(3,171,993)	(191,892)	-	(3,363,885)
Furniture, Equipment, and Vehicles	(2,594,632)	(294,788)	679,451	(2,209,969)
Intangibles	(6,956,012)	(1,555,214)	-	(8,511,226)
Total Accumulated Depreciation	**(12,722,637)**	**(2,041,894)**	**679,451**	**(14,085,080)**
Total Property and Equipment - Net	**$ 8,106,259**	**$ (1,732,430)**	**$ -**	**$ 6,373,829**

7. Accumulated Leave

The employees of the System accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to an employee at the employee's current rate of pay. Upon retirement, unused annual leave in excess of 300 hours and sick leave are credited at the current pay rate as earned service in computing retirement benefits. The liability for accrued annual leave of up to 300 hours is included in other liabilities in the Statements of Fiduciary Net Position.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the net position restricted for pensions or the net change in fiduciary net position.

C. Contributions

1. Member Contributions

Member contribution rates for the System are established by La. R.S. 11:62. Member contributions are deducted from a member's salary and remitted to the System by participating employers. The rates in effect during the years ended June 30, 2014, and 2013, for the various plans as follows:

Plan	Plan Status	Contribution Rate
Regular Employees and Appellate Law Clerks		
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%
Post Act 75 (hired after 6/30/2006)	Open	8.0%
Legislators	Closed	11.5%
Special Legislative Employees	Closed	9.5%
Judges hired before 1/1/2011	Closed	11.5%
Judges hired after 12/31/2010	Open	13.0%
Corrections Primary and Secondary	Closed	9.0%
Wildlife Agents	Closed	9.5%
Peace Officers/Alcohol Tobacco Control	Closed	9.0%
Bridge Police	Closed	8.5%
Hazardous Duty	Open	9.5%

If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to members or their survivors are refunded to the member's beneficiaries or their estates upon cessation of any survivor's benefits.

2. Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the years ended June 30, 2014, and 2013, are as follows:

Plan	2014	2013
Alcohol and Tobacco Control	34.2%	30.1%
Appelate Law Clerks	31.3%	29.1%
Bridge Police	31.2%	28.1%
Corrections - Primary	34.6%	34.0%
Corrections - Secondary	34.3%	30.8%
Hazardous Duty Plan	30.7%	28.0%
Judges	36.3%	34.8%
Judges (Elected after 1/1/2011)	31.3%	28.2%
Legislators	35.0%	37.8%
Peace Officers	34.8%	32.8%
Regular State Employees	31.3%	29.1%
Wildlife Agents	40.7%	36.9%
Aggregate Rate	**31.7%**	**29.4%**

D. Deposits and Investment Risk Disclosures

The information presented on the following pages includes disclosures of custodial, interest rate, credit, and foreign currency risks in accordance with GASB 40, 53, and 67 and is designed to inform financial statement users about investment risks that could affect the System's ability to meet its obligations. The tables presented classify investments by risk type, while the financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the financial statements.

1. **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the System's deposits may not be returned. The System does not have a formal deposit policy for custodial credit risk. All U.S. bank balances at year-end were insured or collateralized by the pledge of government securities held by the agents in the entity's name. LASERS had time deposits and certificates of deposits in the securities lending cash collateral pool that were exposed to custodial credit risk of $355.2 million and $227.0 million as of June 30, 2014 and June 30, 2013. LASERS had uninsured cash deposits in non-U.S. banks of $17.5 million and $7.5 million for the periods ended June 30, 2014, and June 30, 2013, respectively. These deposits were used for investments pending settlement.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investments, or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a) the counterparty or b) the counterparty's trust department or agent but not in the government's name. LASERS had no custodial credit risk for investments for the years ending June 30, 2014 and June 30, 2013.

2. **Concentration of Credit Risk**

Concentration of credit risk is the "risk of loss attributed to the magnitude of investments in a single issuer." The risk occurs "when investments are concentrated in any one issuer that represents 5% or more of plan net assets." Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represent 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

3. **Credit Risk**

Credit risk is the risk that a borrower will be unable to meet its obligation. The overall average quality of each core fixed income portfolio shall be rated A- or higher by Standard and Poor's. Non-rated issues or issues below investment grade (below BBB-) may be purchased up to a maximum of 15% of each core fixed income portfolio. These quality restrictions will not apply to a manager that is hired by LASERS to manage dedicated high-yield fixed income portfolios. The average duration shall not differ from the passive benchmark's duration by more than two years.

In preparing this report, credit risk associated with all fixed income holdings including collateral for repurchase agreements and securities lending collateral has been included. The System's exposure to credit risk as of June 30, 2014, and 2013, is as follows:

Rating		Fair Value 2014	Percent 2014		Fair Value 2013	Percent 2013
AAA	$	22,731,435	0.9%	$	30,824,959	1.2%
A-1+		181,381,535	7.0%		173,365,229	6.8%
A-1		441,916,462	17.0%		310,148,253	12.4%
AA+		271,468,803	10.5%		209,724,926	8.4%
AA		5,920,981	0.2%		6,297,305	0.2%
AA-		189,602,888	7.3%		167,465,486	6.6%
A+		98,292,601	3.8%		142,607,178	5.6%
A		110,393,837	4.2%		50,546,927	2.0%
A-		28,632,981	1.1%		86,120,614	3.4%
BBB+		52,229,581	2.0%		38,051,448	1.5%
BBB		55,024,774	2.1%		45,523,617	1.8%
BBB-		41,430,830	1.6%		52,346,025	2.1%
BB+		48,801,096	1.9%		38,392,010	1.5%
BB		70,263,499	2.7%		58,329,610	2.3%
BB-		64,062,996	2.5%		71,934,308	2.8%
B+		56,004,505	2.2%		73,735,309	2.9%
B		69,934,522	2.7%		78,772,588	3.1%
B-		77,728,084	3.0%		75,307,151	3.0%
CCC+		56,916,926	2.2%		60,377,279	2.4%
CCC		32,687,066	1.3%		57,589,143	2.2%
CCC-		7,141,262	0.3%		4,683,855	0.2%
CC		2,678,780	0.1%		17,377,051	0.7%
C		-	0.0%		299,250	0.0%
D		68,919,490	2.6%		104,354,596	4.1%
Non-rated		538,563,479	20.8%		575,168,148	22.8%
Total Fixed Income	**$**	**2,592,728,413**	**100.0%**	**$**	**2,529,342,265**	**100.0%**

4. Interest Rate Risk

Interest rate risk is the risk from changes in interest rates adversely affecting the fair value of an investment. LASERS has no formal interest rate risk policy. LASERS, as expressed in its Investment Policy, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from interest rates) to within two years of its respective benchmark. Investments with fair values that are highly sensitive to interest rate changes may contain terms that increase the sensitivity of their fair values.

As of June 30, 2014, and 2013, the System had the following domestic and foreign debt investments and maturities:

Type	Fair Value 2014	Investment Maturities (in Years) Less Than 1	1 - 5	5 - 10	Greater Than 10
U.S. Government Obligations	$ 122,891,662	$ 96,633,328	$ 18,674,821	$ 5,043,347	$ 2,540,166
U.S. Agency Obligations	74,727,381	349	704,618	588,479	73,433,935
Mortgages	183,230,548	-	-	7,898,211	175,332,337
Corporate Bonds	591,851,881	57,396,028	172,335,696	294,958,254	67,161,903
International Bonds	591,780,761	251,930,337	137,602,535	161,830,660	40,417,229
Commercial Paper and Other Short-term Investments	352,768,638	352,768,638	-	-	-
International Commercial Paper and Other Short-term Investments	671,317,913	671,317,913	-	-	-
Bond Mutual Funds	4,159,629	4,159,629	-	-	-
Total Debt Investments	**$ 2,592,728,413**	**$ 1,434,206,222**	**$ 329,317,670**	**$ 470,318,951**	**$ 358,885,570**

Type	Fair Value 2013	Investment Maturities (in Years) Less Than 1	1 - 5	5 - 10	Greater Than 10
U.S. Government Obligations	$ 29,534,959	$ 13,676	$ 17,544	$ 4,919,989	$ 24,583,750
U.S. Agency Obligations	73,530,989	15,129,745	1,658,804	963,412	55,779,028
Mortgages	230,892,120	-	-	11,608,057	219,284,063
Corporate Bonds	710,895,824	71,030,276	225,799,402	325,758,731	88,307,415
International Bonds	566,297,190	245,510,794	141,535,123	144,410,541	34,840,732
Commercial Paper and Other Short-term Investments	450,126,695	450,126,695	-	-	-
International Commercial Paper and Other Short-term Investments	463,105,208	463,105,208	-	-	-
Bond Mutual Funds	4,959,280	4,959,280	-	-	-
Total Debt Investments	**$ 2,529,342,265**	**$ 1,249,875,674**	**$ 369,010,873**	**$ 487,660,730**	**$ 422,794,988**

5. Foreign Currency Risk

Foreign currency risk is the potential risk for loss due to changes in exchange rates. Cash held by the manager may be in U.S. dollar or foreign currencies of the manager's choice. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions. Currency contracts may be utilized to either hedge the portfolio's currency risk exposure or in the settlement of securities transactions.

Foreign investments denominated in U.S. currency such as American Depository Receipts (ADRs) and Yankee bonds do not carry foreign currency risk; therefore, are not included in the tables below. LASERS portfolio contained several commingled funds subject to foreign currency risk with aggregate fair values of $1,058.8 million and $896.2 million for the years ended June 30, 2014 and June 30, 2013, respectively. LASERS Investment Guidelines, some of which are noted in *Note E. Cash and Investments*, are designed to mitigate risk.

The fair value of LASERS securities including derivative instruments held in a foreign currency at June 30, 2014, and 2013, is as follows:

Currency	Global Bonds	Global Stock	Cash/Other	Private Equity	Currency Contracts	Fair Value 2014
Australian Dollar	$ -	$ 121,697,566	$ 228,999	$ -	$ (9,237,552)	$ 112,689,013
Brazilian Real	17,775,437	20,183,413	480,511		80,430	38,519,791
British Pound Sterling		395,621,152	960,361		241,977	396,823,490
Canadian Dollar		146,550,522	1,228,206			147,778,728
Chilean Peso		3,330,861	94,604		226,866	3,652,331
Colombian Peso	10,328,290	5,207,426	274,281		1,968,335	17,778,332
Czech Koruna		3,627,322	61,432			3,688,754
Danish Krone		25,453,153	378,232			25,831,385
Euro	7,044,866	587,905,177	4,021,829	80,307,256		679,279,128
Hong Kong Dollar		87,443,618	1,680,170		196,245	89,320,033
Hungarian Forint	1,678,400	2,450,190	84,848		1,225,619	5,439,057
Indonesian Rupiah	17,617,970	593,694	14,495		869,496	19,095,655
Israeli Shekel		5,989,644	268,977			6,258,621
Japanese Yen		316,482,391	2,475,497			318,957,888
South Korean Won		34,450,523	658,527			35,109,050
Malaysian Ringgit	18,526,060	12,431,479	382,416		2,300,718	33,640,673
Mexican Peso	32,329,931	5,996,838	260,189			38,586,958
New Taiwan Dollar		28,020,169	79,975			28,100,144
New Zealand Dollar		8,110,969	114,656		(3,320,185)	4,905,440
Nigerian Naira					1,722,002	1,722,002
Norwegian Krone		11,857,330	168,296			12,025,626
Philippines Peso	1,712,099	1,203,884	24,130		1,471,398	4,411,511
Polish Zloty	20,998,209	6,733,237				27,731,446
Romanian Leu	3,563,123					3,563,123
Russina Ruble	13,781,176				146,006	13,927,182
Singapore Dollar		65,840,882	611,140		108,949	66,560,971
South African Rand	13,510,850	31,016,636	264,989			44,792,475
Swedish Krona		43,052,873	977,949			44,030,822
Swiss Franc		152,429,009	1,662,125			154,091,134
Thailand Baht	3,982,697	6,766,618				10,749,315
Turkish Lira	18,647,652	5,398,619	62,718			24,108,989
Total	**$ 181,496,760**	**$ 2,135,845,195**	**$ 17,519,552**	**$ 80,307,256**	**$ (1,999,696)**	**$ 2,413,169,067**

Currency	Global Bonds	Global Stock	Cash/Other	Private Equity	Currency Contracts	Fair Value 2013
Australian Dollar	$ -	$ 95,607,617	$ 7,878	$ -	$ (10,384,026)	$ 85,231,469
Brazilian Real	21,979,354	-	4,265	-	160,110	22,143,729
British Pound Sterling	-	300,879,768	880,201	-	-	301,759,969
Canadian Dollar	-	106,565,379	235,650	-	74,877	106,875,906
Chilean Peso	238,959	-	-	-	-	238,959
Colombian Peso	7,242,914	-	-	-	(532,473)	6,710,441
Danish Krone	-	15,199,855	196,992	-	-	15,396,847
Euro	8,945,799	396,954,139	16,197,127	63,596,309	(261,536)	485,431,838
Hong Kong Dollar	-	39,654,323	290,833	-	-	39,945,156
Hungarian Forint	7,331,837	-	-	-	-	7,331,837
Indonesian Rupiah	14,282,669	-	-	-	-	14,282,669
Israeli Shekel	-	4,733,248	131,388	-	-	4,864,636
Japanese Yen	-	266,962,407	2,524,300	-	(574,169)	268,912,538
Malaysian Ringgit	15,848,144	-	-	-	-	15,848,144
Mexican Peso	29,526,028	-	206,262	-	-	29,732,290
New Taiwan Dollar	-	303,407	9,856	-	-	313,263
Turkish Lira	17,266,646	-	-	-	1,458	17,268,104
New Zealand Dollar	-	4,862,536	74,202	-	(2,470,503)	2,466,235
Nigerian Naira	616,348	-	2,002,909	-	-	2,619,257
Norwegian Krone	-	8,032,381	272,124	-	-	8,304,505
Peruvian Sol	79,980	-	-	-	849,250	929,230
Philippines Peso	1,689,893	-	-	-	-	1,689,893
Polish Zloty	15,142,383	-	-	-	-	15,142,383
Romanian Leu	-	-	-	-	913,891	913,891
Russina Ruble	16,342,196	-	-	-	-	16,342,196
Singapore Dollar	-	48,037,430	244,288	-	-	48,281,718
South African Rand	17,715,857	-	960	-	-	17,716,817
Swedish Krona	-	31,611,364	157,147	-	-	31,768,511
Swiss Franc	-	109,126,038	191,368	-	-	109,317,406
Thailand Baht	10,702,941	-	-	-	-	10,702,941
Total	$ 184,951,948	$ 1,428,529,892	$ 23,627,750	$ 63,596,309	$ (12,223,121)	$ 1,688,482,778

E. Cash and Investments

1. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks. Cash is insured by the Federal Deposit Insurance Corporation up to $250,000, and cash equivalents are collateralized by the pledge of government securities held by the agents in LASERS name.

2. Short-Term Investments

Short–term reserves may be held in U.S. dollar or global denominated investment vehicles available through the System's custodian. These funds may be invested in direct U.S. Government obligations such as U.S. Treasury Bills or repurchase agreements, which are fully collateralized by issues of the U.S. Treasury or any agency of the United States Government. Repurchase agreement transactions as of June 30, 2014 and 2013 have underlying collateral with fair values of approximately 102% of the cost of the repurchase agreement. The agreed-upon yields for the repurchase agreements were 25 basis points with maturity dates through July 1, 2014. LASERS had repurchase agreements with fair values of $79,796,094 as of June 30, 2014 and $61,001,405 as of June 30, 2013. Excess cash may also be invested in the negotiable certificates of deposit, global time deposits, global currency, or other short-term investment vehicles designated by the Board.

3. Investments

Louisiana state law (La. R.S. 11:261-269) provides for the fiduciary and investment responsibilities of LASERS. La. R.S. 11:263 states that the prudent man rule shall apply to all investments of LASERS. This law specifically requires management of LASERS to exercise the judgment and care under the circumstances prevailing that a prudent institutional investor would use in the conduct of an enterprise of a like character with like aims.

A) Investment Policy

The System's policy in regard to the allocation of invested assets is established and may be amended by the LASERS Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The following were LASERS Board adopted asset allocation policies in effect on June 30, 2014 and 2013:

Target Asset Allocation

Asset Class	2014	2013
Cash	0%	0%
Domestic Equity	27%	27%
International Equity	30%	30%
Domestic Fixed Income	11%	11%
International Fixed Income	2%	2%
Alternative Investments	23%	23%
Global Tactical Asset Allocation	7%	7%
Totals	100%	100%

B) Rate of Return

For the years ended June 30, 2014 and 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 17.9% and 12.1%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

4. Domestic Equity

Domestic equity purchases are limited to publicly traded common stocks. Exceptions shall be approved by the Board in advance. No single holding shall account for more than 6% of the allowable equity portion of the portfolio at market value, or 150% of a stock's weighting in the style benchmark against which the manager is measured, whichever is larger.

LASERS domestic equity portfolios are expected to be fully invested. No single holding in LASERS portfolio shall account for more than 5% of the outstanding common stock of any one corporation. No more than 10% of a manager's domestic equity portfolio may consist of cash or cash equivalents. Additionally, no single holding across all actively managed portfolios of an investment management firm shall account for more than 15% of the outstanding common stock of any one corporation.

The purchase of stocks or convertibles in foreign companies which are publicly traded securities may be held by each domestic stock manager in proportions which each manager shall deem appropriate, up to 10% of the portfolio at market value. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes as long as they meet the equity guidelines listed above.

5. **International Equity**

Short-term reserves may be held in U.S. dollar-denominated, local currency securities, or investment vehicles available through the System's custodian. Managers may purchase or sell currency on a spot basis to accommodate security settlements. Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of security transactions.

LASERS international equity portfolios are expected to be fully invested. No more than 10% of a manager's international equity portfolio may consist of cash or cash equivalents. Equity securities should be issued by non-U.S. corporations, although the manager has latitude to hold U.S. securities provided that such investment is consistent with attainment of the portfolio's investment objectives, and does not exceed 10% of the portfolio's market value. American Depository Receipts (ADRs) do not count toward this 10% limitation.

The number of issues held and their geographic or industry distribution shall be left to the investment manager provided that equity holdings in any one company (including common stock and convertible securities) do not exceed 6% of the market value of the manager's portion of LASERS portfolio. Additionally, bonds of the companies in question would be included in LASERS exposure calculation if held in the manager's portfolio.

Managers with established international equity mandates may invest up to 10% of their portfolio(s) in the emerging markets, as defined by the MSCI EM Index. Managers with an emerging markets equity mandate are expected to invest in the emerging (non-established) markets, subject to the guidelines listed above.

6. **Domestic Core Fixed Income**

Domestic core fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage-backed securities, and senior secured debt and other instruments deemed prudent by the investment managers. No more than 6% of the market value of LASERS domestic core fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies.

The overall average quality of each fixed income portfolio shall be rated A- or higher. Issues not rated may be purchased provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of A- or higher. Non-rated issues or issues below investment grade (below BBB-) may be purchased up to a maximum of 15% of the portfolio.

The diversification of securities by maturity, quality, sector, coupon, and geography is the responsibility of the manager. Active bond management is encouraged, as deemed appropriate by the investment managers. The average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the passive benchmark's duration by more than two years.

Investments in mortgage-backed securities shall have the characteristics of fixed income securities, and be responsive to changes in domestic interest rate changes, as well as other factors that affect the credit markets and mortgage investments. The investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments for the Plan, and shall adhere to the specific investment, security, diversification limits, and administrative guidelines established in the investment management agreement(s).

High-yield fixed income managers may invest up to 20% of their portfolios in non-U.S. fixed income securities. They shall perform careful credit analysis to mitigate losses from defaults. Investments should be diversified across sector, industry, sub-industry, and market to mitigate losses. No more than 6% of market value of the System's high yield assets may be invested in the debt securities of any one issuer.

7. Global Fixed Income

The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or non-U.S. government entity. No single non-government debt security shall constitute more than 6% of the global bond portfolio, at market value. Securities issued by AAA rated supranational organizations (such as the World Bank) shall be considered to be government equivalents.

Short-term reserves may be held in U.S. dollar-denominated or local currency securities or investment vehicles available through LASERS custodian.

Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than leverage portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolio's currency risk exposure or in the settlement of securities transactions. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Decisions as to the number of issues held and their geographic distribution shall be the responsibility of the investment manager.

The overall average quality of each global fixed income portfolio shall be A- or higher. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of A- or higher. Issues below investment grade (below BBB-) and/or mortgage backed securities may be purchased up to a maximum of 15% of the portfolio. The average duration (interest rate sensitivity) of a global fixed income portfolio shall not differ from the passive benchmark by more than two years.

8. Emerging Market Debt

The emerging markets debt portfolio may hold no more than 1.75 times the passive benchmark weight, at market value, in the debt securities of any single sovereign entity. The portfolio may hold up to 15% in securities not issued by benchmark countries. The portfolio may hold up to a combined allocation of 20% in non-benchmark inflation-linked bonds and corporate debt securities. Investments should be diversified across sovereign issuers and markets to mitigate losses from defaults.

Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than leverage portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolio's currency risk exposure or in the settlement of securities transactions. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Decisions as to the number of issues held and their geographic distribution shall be the responsibility of the investment manager.

The overall average quality of each portfolio shall be BBB- or higher. Non-rated issues may be purchased provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of BBB- or higher. The modified duration (interest rate sensitivity) of an emerging markets debt (local currency) portfolio shall not differ from the passive benchmark by more than three years.

9. **Derivatives**

During the fiscal years ended 2014 and 2013, the System invested in collateralized mortgage obligations (forms of mortgage-backed securities), foreign exchange currency contracts, futures, options, warrants, rights, and a Synthetic Guaranteed Investment Contract (SGIC). The System reviews market value of all securities on a monthly basis. Derivative securities may be held in part to maximize yields and in part to hedge against a rise in interest rates. The fair value of rights and warrants are determined based upon quoted market prices. For the years ending June 30, 2014, and June 30, 2013, the derivative instruments held by the System were considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. Investments in limited partnerships and commingled funds may include derivatives. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in *Note D. Deposits and Investment Risk Disclosures.*

a. **Collateralized mortgage obligations** (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMOs established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reductions in interest payments cause a decline in cash flows and, thus, a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

b. **Synthetic Guaranteed Investment Contract (SGIC)** is an investment for tax-qualified, defined contribution pension plans consisting of two parts: an asset owned directly by the plan trust and a wrap contract providing book value protection for participant withdrawals prior to maturity. LASERS maintains a fully benefit-responsive synthetic guaranteed investment contract option for members of the Optional Retirement Plan and the Self-Directed Plan. The investment objective of the SGIC is to protect members from loss of their original investment and to provide a competitive interest rate. LASERS Stable Value Fund had fair values of $435.46 million and $402.8 million for the fiscal years ended June 30, 2014, and 2013, respectively. Fair values of this fund exceeded the values protected by the wrap contract by $6.8 million and $3.7 million for the fiscal years ended June 30, 2014, and 2013, respectively. The counterparty rating for the wrap contract was AA.

c. **Futures** contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes.

d. A **currency forward** is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forwards are usually transacted in the over-the-counter market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss. Forward commitments are not standardized, and carry counterparty risk. Counterparty risk ratings from forwards for the years ended June 30, 2014, and 2013, were A-1.

e. **Option contracts** provide the option purchaser with the right, but not the obligation, to buy or sell the underlying security at a set price during a period or at a specified date. The option writer is obligated to buy or sell the underlying security if the option purchaser chooses to exercise the option.

The following tables represent the fair value of all open currency, futures, and options contracts at June 30, 2014, and 2013:

Change in Fair Value 2014			Fair Value at June 30, 2014		
Derivative Type	**Classification**	**Gain/(Loss)**	**Classification**	**Amount**	**Notional**
Foreign Exchange Contracts	Net Depreciation	(1,807,982)	Investment Proceeds	(208,662)	1,791,032
Commodity Futures	Net Depreciation	(6,447,530)	Alternative Investments	1,432,269	128,488,483
Option	Net Depreciation	(3,062,500)	Alternative Investments	-	-

Change in Fair Value 2013			Fair Value at June 30, 2013		
Derivative Type	Classification	Gain/(Loss)	Classification	Amount	Notional
Foreign Exchange Contracts	Net Appreciation	$ 487,679	Investment Proceeds	$ 1,599,320	$ 28,289,176
Commodity Futures	Net Depreciation	(4,489,378)	Alternative Investments	(5,015,261)	126,471,374
Option	Net Appreciation	1,712,500	Alternative Investments	3,062,500	N/A

10. Alternative Investments

Investments in alternatives include, but are not limited to, private equity, absolute return (hedge funds), and real assets. Investment strategies may include buyouts or corporate restructuring, venture capital, secondary investments, distressed securities, mezzanine instruments, energy and natural resources, and any other special situation.

LASERS endeavors to systematically commit additional funds to this asset class over time as it becomes under-represented relative to the LASERS target asset allocation. LASERS attempts to commit up to 200% of its target weighting to private equity investments to help ensure that the funded portion of the investments approximates the target allocation.

The Board of LASERS recognizes that alternative assets are potentially more risky than other investments of the System. As such, extra care is taken in evaluating and fully understanding all aspects on an alternative investment opportunity.

No more than 25% of the alternative asset investment allocation may be invested with a single manager, general partner, or single fund, with the exception of a fund-of-funds. Preference will be given to those funds where the general partner is contributing at least 1% of the total fund. All investments must have a mechanism for exit.

LASERS had the following unfunded commitments as of June 30, 2014 and 2013:

	2014	2013
Unfunded Commitments		
Denominated in US Dollars	$ 827,607,637	$ 842,085,687
Denominated in Euros	50,651,152	57,531,427
Total Unfunded	878,258,789	899,617,114
Funded Commitments		
Denominated in US Dollars	2,040,793,151	1,801,315,101
Denominated in Euros	72,406,680	59,401,152
Total Funded	2,113,199,831	1,860,716,253
Total Commitments	**$ 2,991,458,620**	**$ 2,760,333,367**

The dollar amounts representing Euros are subject to fluctuations based on changes in exchange rates.

11. Global Tactical Asset Allocation

Global Tactical Asset Allocation (GTAA) is a top-down investment strategy that attempts to exploit short-term mis-pricings among a global set of assets. The strategy focuses on general movements in the market rather than on performance of individual securities. This portfolio is managed in a commingled format. As such, LASERS investment guidelines do not apply. The commingled fund's guidelines are broadly similar to LASERS and shall take precedent.

F. Securities Lending Program

State Statutes and the Board's policies permit the system to make short-term collateralized loans of its securities to broker-dealers and other entities in order to earn incremental income. LASERS has contracted with its custodian, BNY Mellon, to lend domestic and international equity and debt securities. The majority of security loans can be terminated on demand by either LASERS or the borrower. Collateral in the form of cash or other securities is required for 102% of the fair value of domestic or sovereign debt, and 105% of the fair value of international securities excluding sovereign debt loaned. Since the majority of the loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral.

Due to disruptions in the credit markets beginning in the fall of 2008, prices of several securities experienced declines. At June 30, 2013, LASERS had an approximate $4.9 million payable to BNY Mellon due to losses on Lehman Bonds. During fiscal year 2014, $3.6 million in security lending income has been applied bringing the balance owed BNY Mellon to $1.3 million. At June 30, 2014 and June 30, 2013, amounts payable to BNY Mellon were reported as trade payables and other accrued liabilities. The unrealized loss in the cash collateral pools decreased from an unrealized loss of $8.1 million at June 30, 2013, to an unrealized loss of $2.7 million at June 30, 2014.

LASERS is not permitted to pledge or sell collateral securities unless a borrower defaults. The System did not impose any restrictions during the fiscal year on the amount of the loans that BNY

Mellon made on its behalf, and BNY Mellon indemnified the System by agreeing to purchase replacement securities, or return cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year.

On June 30, 2014, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. The market value of securities on loan totaled $1,072,923,894 and $944,428,403 for the years ended June 30, 2014, and 2013, respectively.

G. Other Postemployment Benefits (OPEB)

1. Plan Description

The Office of Group Benefits (OGB) is an agent multiple-employer postemployment healthcare plan that covers retired employees of the State, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. La. R.S. 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

2. Funding Policy

La. R.S. 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the State Legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Summary of Plan Provisions:

Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2013-2014 are shown in the following tables.

Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate upon retirement based on the following schedule:

Service	State Contribution Percentage	Retiree Contribution Percentage
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Total monthly per capita premium rates as of January 1, 2014 are as follows:

	PPO	HMO	CDHP w/ HSA	MHHMO
Active				
Single	$ 565.72	$ 534.48	$ 439.16	$ 536.28
With Spouse	$ 1,201.64	$ 1,135.12	$ 932.76	$ 1,122.20
With Children	$ 689.96	$ 651.80	$ 535.80	$ 650.96
Family	$ 1,267.32	$ 1,197.12	$ 983.68	$ 1,182.64
Retired No Medicare & Re-employed Retiree				
Single	$ 1,052.52	$ 997.52	N/A	$ 984.56
With Spouse	$ 1,858.56	$ 1,761.32	N/A	$ 1,727.36
With Children	$ 1,172.36	$ 1,111.16	N/A	$ 1,095.08
Family	$ 1,849.52	$ 1,752.38	N/A	$ 1,719.04
Retired with 1 Medicare				
Single	$ 342.28	$ 330.00	N/A	$ 330.36
With Spouse	$ 1,264.60	$ 1,206.08	N/A	$ 1,180.04
With Children	$ 592.40	$ 567.68	N/A	$ 560.76
Family	$ 1,684.96	$ 1,605.36	N/A	$ 1,567.36
Retired with 2 Medicare				
With Spouse	$ 615.24	$ 591.56	N/A	$ 581.64
Family	$ 761.76	$ 732.40	N/A	$ 716.64

Medicare Supplement Rate

All members who retire on or after July 1, 1997 must have Medicare Parts A and B in order to qualify for the reduced premium rates. The monthly premium rates for the Medicare supplement plans for retirees are as follows:

	2014 Retired With		2013 Retired With	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Peoples Health HMO	$ 251	$ 502	$ 234	$ 468
Vantage HMO	$ 151	$ 301	$ 184	$ 369

Life Insurance Premiums

Effective January 1, 2013, retirees pay $0.54 for each $1,000 of personal life insurance and $0.98 for each $1,000 of spousal life insurance. Prior to that date, retirees paid $0.52 for each $1,000 of personal life insurance and $0.98 for each $1,000 of spouse life insurance.

3. **Annual OPEB Cost and Net OPEB Obligation**

The State is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 17.5% of annual covered payroll. At June 30, 2014, and 2013, annual OPEB costs and net OPEB obligations were:

	2014	2013
Annual Required Contribution	$ 1,089,400	$ 962,600
Interest on OPEB Obligation	300,644	275,656
Adjustment to Annual Required Contribution	(286,556)	(255,502)
Annual OPEB Cost (Expense)	1,103,488	982,754
Contributions Made	(330,512)	(350,871)
Increase in Net OPEB Obligation	772,976	631,883
Net OPEB Obligation Beginning of Year	7,515,453	6,883,570
Net OPEB Obligation End of Year	$ 8,288,429	$ 7,515,453

For fiscal year 2014, LASERS net OPEB obligation of $8,288,429 is included in Trade Payables and Other Accrued Liabilities in the Statements of Fiduciary Net Position and annual OPEB cost (expense) of $1,103,488 is separately reported in the Statements of Changes in Fiduciary Net Position. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2013, and 2012, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 999,650	37.9%	$ 6,883,570
6/30/2013	$ 982,754	35.7%	$ 7,515,453
6/30/2014	$ 1,103,488	30.0%	$ 8,288,249

Funded Status and Funding Progress: The funding status of the plan as of June 30, 2014, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2012	$ -	$ 12,659,600	$ 12,659,600	0.0%	$ 6,507,600	194.5%
7/1/2013	$ -	$ 13,278,700	$ 13,278,700	0.0%	$ 6,216,549	213.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedules of Funding Progress, presented as required supplementary information following the *Notes to the Financial Statements,* present the current year's funding status, and presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits. Fiscal year 2008 was the implementation year of OPEB for LASERS.

4. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members), and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities, and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, a projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), an inflation rate of 3.0%, and an annual healthcare cost trend rate of 8.0% for pre-Medicare and 6.0% for Medicare-eligible participants initially, reduced by decrements to an ultimate rate of 4.5%. The valuation utilized participant data supplied by OGB, the State Payroll System, and the various state retirement systems. Projected claim costs were determined by combining trended claims data, actual capitation rates, and actual vendor fees. LASERS unfunded actuarial accrued liability is being amortized using both a level dollar amount and a level percent of pay over an open amortization period of 30 years, the maximum amortization period allowed by GASB 45.

Required Supplementary Information

Schedules of Changes in Net Pension Liability

For the Year Ended June 30, 2014*

		2014
Total Pension Liability		
Service Cost	$	228,140,255
Interest		1,334,400,080
Changes of Benefit Terms		114,705,590
Differences Between Expected and Actual Experience		(167,128,306)
Changes of Assumptions		-
Retirement Benefits		(1,167,477,166)
Refunds and Transfers of Member Contributions		(77,118,765)
Net Change in Total Pension Liability		265,521,688
Total Pension Liability - Beginning		17,612,223,257
Total Pension Liability - Ending (a)	$	17,877,744,945
Plan Fiduciary Net Position		
Employer Contributions	$	615,164,022
Employee Contributions		152,993,052
Net Investment Income		1,770,521,381
Other Income		20,810,679
Retirement Benefits		(1,167,477,166)
Refunds and Transfers of Member Contributions		(77,118,765)
Administrative Expenses		(14,810,539)
Other Postemployment Benefits Expenses		(1,103,488)
Depreciation and Amortization Expenses		(1,724,101)
Net Change in Plan Fiduciary Net Position		1,297,255,075
Plan Fiduciary Net Position - Beginning		10,327,598,351
Plan Fiduciary Net Position - Ending (b)	$	11,624,853,426
Net Pension Liability - Ending (a)-(b)	$	6,252,891,519
Plan Fiduciary Net Position as a Percentage of Total Pension Liabiltiy		65%
Covered Employee Payroll	$	1,813,759,357
Net Pension Liability as a Percentage of Covered Employee Payroll		344.7%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedules of Employers' Net Pension Liability

For the Two Years Ended June 30, 2014 and 2013*

	2014	2013
Total Pension Liability	$ 17,877,744,945	$ 17,612,223,257
Plan Fiduciary Net Position	11,624,853,426	10,327,598,351
Employers' Net Pension Liability	$ 6,252,891,519	$ 7,284,624,906
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.0%	58.6%
Covered Employee Payroll	$ 1,813,759,357	$ 1,951,987,750
Employers' Net Pension Liability as a Percentage of Covered Employee Payroll	344.7%	373.2%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedules of Employer Contributions

For the Ten Years Ended June 30, 2014

Date	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2005	$ 395,727,277	$ 392,409,258	$ 3,318,019	$ 2,100,043,094	18.7%
2006	$ 407,044,927	$ 411,907,909	$ (4,862,982)	$ 1,979,705,391	20.8%
2007	$ 417,899,955	$ 417,059,370	$ 840,585	$ 2,175,366,607	19.2%
2008	$ 438,991,628	$ 506,484,759	$ (67,493,131)	$ 2,436,955,566	20.8%
2009	$ 473,267,523	$ 487,353,901	$ (14,086,378)	$ 2,562,575,942	19.0%
2010	$ 562,524,589	$ 491,237,641	$ 71,286,948	$ 2,546,456,790	19.3%
2011	$ 651,770,540	$ 558,183,107	$ 93,587,433	$ 2,408,839,604	23.2%
2012	$ 687,019,184	$ 637,285,920	$ 49,733,264	$ 2,341,703,286	27.2%
2013	$ 724,391,420	$ 649,029,708	$ 75,361,712	$ 1,951,987,750	33.2%
2014	$ 709,799,409	$ 612,698,414	$ 97,100,995	$ 1,813,759,357	33.8%

Schedules of Investment Returns
For the Two Years Ended June 30, 2014 and 2013*

	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.9%	12.1%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedules of Funding Progress for OGB OPEB Trust

For the Three Years Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2011	$ -	$ 11,869,800	$ 11,869,800	0.0%	$ 6,693,100	177.3%
7/1/2012	$ -	$ 12,659,600	$ 12,659,600	0.0%	$ 6,507,600	194.5%
7/1/2013	$ -	$ 13,278,700	$ 13,278,700	0.0%	$ 6,216,549	213.6%

Notes to Required Supplementary Information

A. Schedules of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by System's actuary, Foster & Foster. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

B. Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of LASERS employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through LASERS. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan.

C. Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered employee payroll is presented in this schedule.

D. Schedules of Investment Returns

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

E. Schedules of Funding Progress for OGB OPEB Trust

This schedule shows LASERS actuarial accrued liability (AAL) to its retired employees participating in the Office of Group Benefits (OGB) postemployment healthcare plan. The plan is funded on a "pay-as-you-go" basis. Therefore, the ratio of AAL to unfunded AAL (UAAL) is 0.0%. The schedule also represents the percentage of UAAL to covered payroll.

F. Actuarial Assumptions

Contributions presented in the Schedules of Employers Contributions were determined using the following actuarial assumptions and methods that were recommended by the System actuary, adopted by LASERS Board, and approved by the Public Retirement Systems' Actuarial Committee.

Valuation Date June 30, 2014 and 2013

Actuarial Cost Method Entry Age Normal

Actuarial Assumptions:

Investment Rate of Return 7.75% per annum.

Inflation Rate 3.0% per annum.

Mortality **Non-disabled members** - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.

Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Termination, Disability, and Retirement Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

Salary Increases Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

Supporting Schedules

Schedules of Administrative Expenses
For the Years Ended June 30, 2014 and 2013

	2014	2013
Administrative Expenses:		
Salaries and Related Benefits	$ 10,987,628	$ 10,422,562
Travel Expenses	117,939	125,652
Operating Services	2,829,183	3,031,142
Professional Services	615,377	482,290
Acquisitions	260,412	197,186
Total Administrative Expenses	**$ 14,810,539**	**$ 14,258,832**

Schedules of Investment Expenses

For the Years Ended June 30, 2014 and 2013

	2014	2013
Investment Activities Expenses:		
Alternative Investment Expenses		
Manager Fees	$ 34,991,928	$ 31,523,780
Profit Sharing Fees	10,235,317	1,874,038
Total Alternative Investment Expenses	**45,227,245**	**33,397,818**
Investment Management Expenses		
Manager Fees	25,723,231	23,565,210
Administrative Expenses	1,855,102	1,747,007
Profit Sharing Fees	-	56,353
Consultant Fees	650,000	634,167
Research and Data Services	348,567	314,088
Investment Performance Management	70,875	176,228
Global Custodian Fees	153,883	141,861
Total Investment Management Expenses	**28,801,658**	**26,634,914**
Security Lending Expenses		
Securities Lending Management Fees	805,836	913,341
Total Investment Expenses	**$ 74,834,739**	**$ 60,946,073**

Schedules of Board Compensation
For the Years Ended June 30, 2014 and 2013

	2014		2013	
Board of Trustees	**Number of Meetings**	**Amount**	**Number of Meetings**	**Amount**
Thomas Bickham[1]	16	$ -	11	$ -
Connie Carlton	24	1,800	23	1,725
Beverly Hodges[2]	22	1,650	24	1,800
William Kleinpeter	21	1,575	19	1,425
Janice Lansing	23	1,725	21	1,575
Barbara McManus	20	1,500	22	1,650
Lori Pierce[1]	17	-	9	-
Kathy Singleton	20	1,500	22	1,650
Shannon Templet	20	1,500	21	1,575
Total Compensation		**$ 11,250**		**$ 11,400**

[1] Board member chose not to receive per diem for all or part of their term.

[2] Board member chose to have per diem paid directly to their employer agency.

Schedules of Professional/Consultant Fees

For the Years Ended June 30, 2014 and 2013

	2014	2013
Accounting and Auditing		
Duplantier, Hrapmann, Hogan & Maher, LLP	$ 56,762	$ 46,088
Actuary		
Foster & Foster, Inc	196,031	82,200
Hall Actuarial Associates	37,000	37,000
S J Actuarial Associates	-	85,640
Legal Fees		
Avant & Falcon	569	1,400
Klausner, Kaufman, Jensen, & Levinson	375	7,188
Lowenstein Sandler	116,500	40,992
Roedel Parsons Koch Balhoff & McCollister	3,396	10,688
Tarcza & Associates, LLC	13,924	62,967
Disability Program		
Physician and Other Reviews	67,805	106,633
Other Professional Services		
Firefly Digital, Inc.	2,900	-
The iConsortium Inc.	92,009	-
VR Election Services	26,666	-
Other Non-Consultant Professionals	1,440	1,494
Professional Service/Consultant Fees	**$ 615,377**	**$ 482,290**

LASERS

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